



DLSC-LDT

20 December 1999

MEMORANDUM FOR EXECUTIVE TEAM

SUBJECT: Commercial Travel Office (Carlson, SATO) Transaction Fees

The major airlines effective 1 November 1999 cut all Army commercial travel office commissions from eight percent (8%) to five percent (5%) percent, a three percent reduction in revenue for the travel agencies. As a result, the Army's Commercial Travel Office (CTO) sought relief for the commission reduction from their customers.

This office was notified that effective Monday, December 20, 1999, the MTMC CTO contracts with Carlson Wagonlit, under the Defense Travel Region (DTR) 1, 2, 4, 5 and the NCR, will begin paying a "revenue recovery fee" based on a redetermination clause in Section H of the contracts. This clause requires the DoD to make up for the commission loss retroactive to November 1, 1999.

This "revenue recovery fee" will be listed on each passenger invoice. The "revenue recovery fee" is a per- ticket cost and is charged to the Centrally Billed Account just like the ticket. Effective 20 December 1999, the Army travel contracts with Carlson Wagonlit, under DTR 1, 2, 4, 5 and NCR, will pay a "revenue recovery fee" based on the redetermination clause. The negotiated rates per DTR, are:

DTR 1	\$4.69
DTR 2	\$4.34
DTR 4	\$4.31
DTR 5	\$4.44
NCR	\$9.32

MTMC's DTR 3, which services facilities in ND, MN, WI, MI, SD, IA, IL, and IN, with SATO, is currently under renegotiation. Additionally, some DLA travel offices do not fall under the Army's MTMC contracts, but are tenants under other Military service contracts. You may expect similar transaction fees on these contracts.

The CTO contracts cover states in the respective Defense Travel Regions:

National Capitol Region (NCR) covers the Washington
D.C. Metropolitan Area

Region One (1) covers the states of WA, OR, ID, MT,
WY, CA, NV, UT, CO, AZ, & HI

Region Two (2) covers the following states AL, FL, GA,
MS, NC, SC, TN, Puerto Rico, PANAMA and the Virgin
Islands

Region Four (4) covers the states of CT, DE, KY, MA,
ME, MD, NH, NJ, NY, OH, PA, RI, VT, VA, AND WV

Region Five (5) includes the following states: NE, KS, MO, NM, OK, AR,
TX, & LA

Leisure travel will be removed from the CTO contracts. If leisure travel is in
conjunction with official travel, there will be a separate fee for leisure travel; e.g.,
the employees will pay an additional fee for the leisure travel ticket, and the
government will pay the official travel fee.

Request widest dissemination of this memorandum. Our point of contact is
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signed by Daniel V. Sulka, LTC (P), USA

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